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Thousands of Panamanians March Against Corruption in Wake of Odebrecht Scandal

by Louisa Reynolds  
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The peaceful march, organized by the civil society coalition Citizens Against Impunity (Ciudadanos Contra la Impunidad, CCI), began at the Church of El Carmen in Panama City and headed down the city’s main avenue, Vía España, toward the Attorney General’s Office.

“The goal of the march is to demand an investigation of all the corrupt people in all the [political] parties, as well as of the businessmen, so they return the money and go to jail,” Saúl Méndez, a leader of SUNTRACS, a construction workers’ union that was part of the organizing coalition, told AFP on the day of the protest.

Méndez added that Odebrecht is “only the tip of the iceberg” of the “decay of all government institutions created by powerful interest groups.”

Miguel Antonio Bernal, a professor of constitutional law and CCI founder, told AFP, “We demand to know the truth of what’s going on with the Odebrecht case so that actions are taken to end corruption and impunity.”

Multinational operations

Odebrecht is a Brazilian conglomerate, founded in 1944 by Norberto Odebrecht, that operates in the engineering, construction, chemicals, and petrochemicals fields. It does business in South America, Central America, North America, the Caribbean, Africa, and the Middle East. Its leading company, Construtora Norberto Odebrecht SA, is the biggest engineering and contracting company in Latin America.

In Panama, citizens are outraged by evidence detailed in a US Justice Department report published in December indicating that Odebrecht paid US$59 million in bribes to government officials and other individuals between 2010 and 2014 in exchange for state contracts worth US$175 million.

Odebrecht and its petrochemical subsidiary, Braskem, have admitted that they engaged in a massive bribery and bid rigging scheme for more than a decade, beginning in 2001, paying approximately a billion dollars in bribes to government officials in 12 countries, including Panama, in order to win lucrative construction contracts (NotiSur, Jan. 13, 2017, and Feb. 24, 2017).

Odebrecht has admitted that the wrongdoing was directed by the highest levels of the company, and that the bribes were paid through an intricate web of shell companies, off-book transactions, and off-shore bank accounts. As part of the scheme, Odebrecht created and funded a secret financial structure within the company called “Division of Structured Operations,” which functioned as a stand-alone bribe department within Odebrecht and other divisions of the organization.
“It was no secret that this company [Odebrecht] engaged in corrupt practices with previous governments,” Vice President Isabel de Saint Malo told the Panamanian TV channel RPC in early January. De Saint Malo said “there was no doubt” that “family members of high ranking officials” had accepted bribes from Odebrecht.

“Panama has the right to know who received those bribes, how much they received, and for that money to be returned,” added De Saint Malo, who urged prosecutors to hasten the pace of the investigation.

**US$3.5 billion in penalties**

On Dec. 21, Odebrecht agreed to pay Brazilian, US, and Swiss authorities combined penalties of US$3.5 billion, the largest monetary sanction imposed in a global foreign bribery resolution.

According to the plea agreement disclosed in December in a US court, Odebrecht verbally agreed to pay Panama the US$59 million it admitted giving to officials and intermediaries in bribes, as a penalty for its engagement in acts of corruption in the Central American country.

Odebrecht was awarded a contract in 2012 to enlarge the Tocumen International Airport as well as two contracts in 2015 to build one of the main lines of the Panama City subway and to renovate the Colón city center. The firm has been forbidden from taking part in public tenders while the bribery allegations are investigated and all those involved are charged and prosecuted (NotiCen, July 7, 2011, and July 24, 2014).

**Martinelli’s sons under scrutiny**

So far, Panamanian prosecutors have charged 17 people, including several businessmen and former government officials, with money laundering as part of the Odebrecht case.

Although Attorney General Kenia Porcell declined to name the accused, the Panamanian media has leaked the identity of several. The list includes two sons of former President Ricardo Martinelli (2009-2014), Ricardo and Luis Enrique Martinelli, who are being sought by Interpol since Feb. 1 on allegations that they received bribes of up to US$21 million from Odebrecht. According to Panamanian authorities, Martinelli’s sons received the bribes from Odebrecht through three offshore companies between 2009 and 2012.

Former president Martinelli, a wealthy businessman, lives in voluntary exile in the US and is under investigation on separate charges of corruption and spying on political opponents.

The Panamanian press has also reported that Carlos Ho González, former projects’ director for the Ministry of Public Works under the administrations of Martinelli and Martín Torrijos (2004-2009), is also being investigated for suspected illicit enrichment. Ho González was identified by banker Vinicius Veiga Borin—who signed an agreement with the judicial authorities of Brazil—as one of the Panamanian officials bribed in exchange for contracts. Veiga Borin worked for the Antigua Overseas Bank and Meinl Bank in Antigua, which handled the accounts that Odebrecht used to pay bribes.

In a statement issued last December, Comptroller Federico Humbert promised that “all persons who have held public positions, including active officials, who turn out to be involved in acts of bribery related to Odebrecht, will have their personal assets investigated.”
Other high-profile politicians allegedly involved in the region-wide Odebrecht scandal include former Peruvian president Alejandro Toledo, wanted by the Peruvian authorities since Feb. 9 (NotiSur, Feb. 24, 2017).

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